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**Town of Sibley
Sibley, Louisiana
Financial Statement with Auditors' Report
As of and For the Year Ended June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/20/10

Town of Sibley
Sibley, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Required Supplementary Information: Management's Discussion and Analysis	3 - 9
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Balance Sheet – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to the Financial Statements	19 – 35
Required Supplementary Information:	
<i>Budgetary Comparison Schedules:</i>	
General Fund	36
Sales Tax Fund	37
Fire Department Fund	38

(Continued)

Town of Sibley
Sibley, Louisiana

Table of Contents
(Continued)

	<u>Page</u>
Other Supplementary Information:	
Schedule of Insurance in Force as of June 30, 2009	39
Schedule of Compensation Paid to Board Members For the Year Ended June 30, 2009	40
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	41 – 42
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	43
Summary Schedule For Current Year Audit Findings	44

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Independent Auditors' Report

The Honorable Jimmy Williams, Mayor
and Members of the Town Council
Town of Sibley
Sibley, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Sibley, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Sibley's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sibley, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2009 on our consideration of the Town of Sibley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3-9 and on pages 36 - 38, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied

certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying financial information listed as supporting schedules in the table of contents and shown on pages 39 – 40 is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Sibley. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Cook & Morehart
Certified Public Accountants
December 30, 2009

TOWN OF SIBLEY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Sibley's financial performance provides an overview of the Town of Sibley's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the Town's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- *The Town of Sibley's net assets of our governmental activities decreased by (\$13,866) or 1.4%. The Town of Sibley's net assets of our business-type activities decreased by (\$73,253) or 4.3%.*
- *In the Town's governmental activities, total general and program revenues were \$511,849 in 2009 compared to \$672,595 in 2008. Total expenses, excluding depreciation, totaled \$456,009 for the year ended June 30, 2009.*
- *In the Town's business-type activities, revenues increased by \$87,887, while expenses increased by \$26,524.*

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Town of Sibley as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Sibley's operations in more detail than the government-wide statements by providing information about the Town of Sibley's most significant funds.

Reporting the Town of Sibley as a Whole

Our analysis of the Town of Sibley as a whole begins on page 10. One of the most important questions asked about the Town of Sibley's finances is "Is the Town of Sibley as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the Town of Sibley as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Sibley's *net assets* and changes in them. You can think of the Town of Sibley's net assets – the difference between assets and liabilities – as one way to measure the Town of Sibley's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Sibley's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including the police, fire, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

Reporting the Town's Most Significant Funds

Our analysis of the major funds maintained by the Town of Sibley begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the Town of Sibley – not the Town of Sibley as a whole. The Town of Sibley's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the Town of Sibley's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Sibley's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Sibley expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE TOWN OF SIBLEY AS A WHOLE

The Town of Sibley's combined net assets changed from a year ago, decreasing from \$2,708,045 to \$2,620,926. A comparative analysis of the funds maintained by the Town of Sibley is presented below.

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 391,888	\$ 534,943	\$ 209,056	\$ 204,655	\$ 600,944	\$ 739,598
Capital assets	709,801	610,047	1,916,744	2,011,686	2,626,545	2,621,733
Total assets	<u>\$ 1,101,689</u>	<u>\$ 1,144,990</u>	<u>\$ 2,125,800</u>	<u>\$ 2,216,341</u>	<u>\$ 3,227,489</u>	<u>\$ 3,361,331</u>
Current liabilities	22,197	22,410	66,947	30,854	89,144	53,264
Long-term liabilities	86,461	115,683	430,958	484,339	517,419	600,022
Total liabilities	<u>108,658</u>	<u>138,093</u>	<u>497,905</u>	<u>515,193</u>	<u>606,563</u>	<u>653,286</u>
Net assets:						
Investment in capital assets, net of related debt	623,340	582,840	1,474,579	1,558,506	2,097,919	2,141,346
Restricted	263,766	259,123	44,583	142,642	308,349	401,765
Unrestricted	105,925	164,934	108,733		214,658	164,934
Total net assets	<u>\$ 993,031</u>	<u>\$ 1,006,897</u>	<u>\$ 1,627,895</u>	<u>\$ 1,701,148</u>	<u>\$ 2,620,926</u>	<u>\$ 2,708,045</u>

Net assets of the Town of Sibley's governmental activities increased by (\$13,866) or 1.4%. Net assets of the Town of Sibley's business-type activities decreased by (\$73,253) or 4.3%.

Table 2
Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charge for services	\$ 55,311	\$ 65,227	\$ 293,098	\$ 245,258	\$ 348,409	\$ 310,485
Capital grants and contributions		90,067	18,750		18,750	90,067
Operating grants			38,712		38,712	
General revenue						
Ad valorem taxes	29,573	27,913			29,573	27,913
Sales taxes	300,765	282,476			300,765	282,476
Fire insurance rebate		6,823				6,823
Licenses and permits	76,860	68,178			76,860	68,178
Investment earnings	7,252	4,973	4,233	3,648	11,485	8,621
Intergovernmental	11,542	2,968			11,542	2,968
Miscellaneous	30,546	123,970			30,546	123,970
Transfers		(18,000)		18,000		
Total revenues	<u>\$ 511,849</u>	<u>\$ 654,595</u>	<u>\$ 354,793</u>	<u>\$ 266,906</u>	<u>\$ 866,642</u>	<u>\$ 921,501</u>
Expenses						
General government	211,524	178,536			211,524	178,536
Public safety	242,743	224,671			242,743	224,671
Public works	65,377	77,624			65,377	77,624
Interest on long-term debt	6,071	2,006			6,071	2,006
Water			224,735	191,494	224,735	191,494
Sewer			203,311	210,028	203,311	210,028
Total expenses	<u>525,715</u>	<u>482,837</u>	<u>428,046</u>	<u>401,522</u>	<u>953,761</u>	<u>884,359</u>
Increases (decreases) in net assets	<u>\$ (13,866)</u>	<u>\$ 171,758</u>	<u>\$ (73,253)</u>	<u>\$ (134,616)</u>	<u>\$ (87,119)</u>	<u>\$ 37,142</u>

The Town's total revenues decreased by 5.6% (\$54,859). The total cost of all programs and services increased 7.8% (\$69,402). Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities decreased from a year ago by \$142,746 from total revenues in the year ended June 30, 2008 of \$654,595 to total revenues of \$511,849 in the year ended June 30, 2009.

The cost of all governmental activities this year was \$525,715. These costs were covered by \$55,311 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

Business-type Activities

Total revenues for the business-type activities increased \$87,887 (32.9%) from total revenues in the year ended June 30, 2008 of \$266,906 to total revenues of \$354,793 in the year ended June 30, 2009. The primary reason for the increase was receipt of grants and a rate increase for the water and sewer fund.

The cost of all business-type activities this year was \$428,046. These costs were covered by \$350,560 of program revenues, consisting of charges for services assessed to users, and capital and operating grants.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$369,691, which is lower than last year's fund balance of \$507,654. The primary reason for the decrease is the purchase of equipment.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2009. There were no amendments to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 36. Highlights for the year are as follows:

Capital outlay for equipment was \$41,855.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2009, the Town of Sibley had invested \$2,626,545 in capital assets. (see table 3 below)

Table 3
Capital Assets at Year End
(Net Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 44,007	\$ 44,007	\$ 24,488	\$ 24,488	\$ 68,495	\$ 68,495
Buildings	123,282	130,073			123,282	130,073
Infrastructure	124,815	132,142			124,815	132,142
Furniture, equipment, and vehicles	73,472	17,391			73,472	17,391
Fire department equipment and vehicles	344,225	286,434			344,225	286,434
Sewer system			1,443,214	1,513,323	1,443,214	1,513,323
Water system			449,042	473,875	449,042	473,875
Total assets	<u>\$ 709,801</u>	<u>\$ 610,047</u>	<u>\$1,916,744</u>	<u>\$2,011,686</u>	<u>\$ 2,626,545</u>	<u>\$ 2,621,733</u>

This year's major additions included:

Fire department equipment	\$ 96,550
Vehicle	17,907
Tractor	23,948
Boom Mower	28,920
Sewer system improvements	18,750
Total	<u>\$ 186,075</u>

More detailed information about the capital assets are presented in Note 6 to the financial statements.

Debt

At year-end, the Town had \$528,625 in bonds, notes and capital lease obligations outstanding, versus \$568,863 last year – a decrease of 7.1%.

Table 4
Outstanding Debt At Year End

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Note payable	\$ 13,959	\$ 27,207	\$ -	\$ -	\$ 13,959	\$ 27,207
Capital lease obligation	72,502	88,476			72,502	88,476
Sewer revenue refunding bonds			442,164	453,180	442,164	453,180
Totals	<u>\$ 86,461</u>	<u>\$ 115,683</u>	<u>\$ 442,164</u>	<u>\$ 453,180</u>	<u>\$ 528,625</u>	<u>\$ 568,863</u>

State law restricts the amount of debt that the Town of Sibley may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Town of Sibley's total debt outstanding at year-end was well below this limitation.

More detailed information about the debt are presented in Note 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town of Sibley's management considered many factors when setting a fiscal year June 30, 2010 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

Expenditures for the year ended June 30, 2010 are expected to remain substantially the same.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Sibley and to show the Town of Sibley's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 128, Sibley, LA 71073.

Town of Sibley
Sibley, Louisiana
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 246,455	\$ 75,837	\$ 322,292
Investments	82,356	25,792	108,148
Receivables	35,401	31,916	67,317
Internal balances	27,676	(27,676)	
Restricted assets:			
Cash and cash equivalents		88,669	88,669
Deferred bond issuance costs		14,518	14,518
Capital assets, net	709,801	1,916,744	2,626,545
Total assets	<u>1,101,689</u>	<u>2,125,800</u>	<u>3,227,489</u>
Liabilities			
Accounts payable and accrued expenses	22,197	10,090	32,287
Payable from restricted assets:			
Revenue bonds - due within one year		11,207	11,207
Accrued interest		1,564	1,564
Customer deposits		44,086	44,086
Non-current liabilities:			
Due within one year	30,751		30,751
Due in more than one year	55,710	430,958	486,668
Total liabilities	<u>108,658</u>	<u>497,905</u>	<u>606,563</u>
Net Assets			
Invested in capital assets, net of related debt	623,340	1,474,579	2,097,919
Restricted for:			
Debt Service		44,583	44,583
Public Safety	152,093		152,093
Public Works	111,673		111,673
Unrestricted	105,925	108,733	214,658
Total net assets	<u>\$ 993,031</u>	<u>\$ 1,627,895</u>	<u>\$ 2,620,926</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Activities
For the Year Ended June 30, 2008

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 211,524	\$ -	\$ -	\$ -	\$ (211,524)	\$ -	\$ (211,524)
Public safety	242,743	55,311			(187,432)		(187,432)
Public works	65,377				(65,377)		(65,377)
Interest on long-term debt	6,071				(6,071)		(6,071)
Total governmental activities	525,715	55,311			(470,404)		(470,404)
Business-type Activities							
Water	224,735	175,672	38,712			(10,351)	(10,351)
Sewer	203,311	117,426		18,750		(87,135)	(87,135)
Total business-type activities	428,046	293,098	38,712	18,750		(77,486)	(77,486)
Total Government	\$ 953,761	\$ 348,409	\$ 38,712	\$ 18,750	(470,404)	(77,486)	(547,890)
General revenues:							
			Ad valorem taxes		29,573		29,573
			Sales taxes		300,765		300,765
			Licenses and permits		76,860		76,860
			Intergovernmental		11,542		11,542
			Investment earnings		7,252	4,233	11,485
			Miscellaneous		30,546		30,546
			Total general revenues		456,538	4,233	460,771
			Change in net assets		(13,866)	(73,253)	(87,119)
			Net assets - beginning		1,006,897	1,701,149	2,708,045
			Net assets - ending		\$ 993,031	\$ 1,627,895	\$ 2,620,926

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Balance Sheet
Governmental Funds
June 30, 2009

	General	Sales Tax	Volunteer Fire Department	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 50,135	\$ 73,802	\$ 122,518	\$ 246,455
Investments	53,614		28,742	82,356
Receivables		35,401		35,401
Due from other fund	14,959	13,620	2,967	31,546
Total assets	\$ 118,708	\$ 122,823	\$ 154,227	\$ 395,758
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 12,783	\$ 7,429	\$ 1,985	\$ 22,197
Due to other fund		3,721	149	3,870
Total liabilities	12,783	11,150	2,134	26,067
Fund balances:				
Unreserved	105,925	111,673	152,093	369,691
Total fund balances	105,925	111,673	152,093	369,691
Total liabilities and fund balances	\$ 118,708	\$ 122,823	\$ 154,227	\$ 395,758

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2009

Fund balances - total governmental funds	\$ 369,691
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	709,801
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Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(86,461)</u>
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Net assets of governmental activities	<u>\$ 993,031</u>
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See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General	Sales Tax	Volunteer Fire Department	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 29,573	\$	\$	\$ 29,573
Sales tax		300,765		300,765
Licenses and permits	76,860			76,860
Intergovernmental revenues		4,835	6,907	11,542
Fines and forfeitures	55,311			55,311
Investment earnings	3,310	165	3,777	7,252
Miscellaneous	18,056		12,490	30,546
Total revenues	<u>183,110</u>	<u>305,665</u>	<u>23,174</u>	<u>511,849</u>
Expenditures:				
Current:				
General government	180,577			180,577
Public safety	125,626		73,479	199,105
Public works		65,377		65,377
Capital outlay	41,855	31,055	96,550	169,460
Debt service:				
Principal retirement		13,248	15,974	29,222
Interest and other charges		1,492	4,579	6,071
Total expenditures	<u>348,058</u>	<u>111,172</u>	<u>190,582</u>	<u>649,812</u>
Excess (deficiency) of revenues over expenditures	<u>(164,948)</u>	<u>194,393</u>	<u>(167,408)</u>	<u>(137,963)</u>
Other financing sources (uses):				
Transfers in	110,818		73,879	184,697
Transfers out		(184,697)		(184,697)
Total other financing sources (uses)	<u>110,818</u>	<u>(184,697)</u>	<u>73,879</u>	
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(54,130)</u>	<u>9,696</u>	<u>(93,529)</u>	<u>(137,963)</u>
Fund balances at beginning of year	<u>160,055</u>	<u>101,977</u>	<u>245,622</u>	<u>507,654</u>
Fund balances at end of year	<u>\$ 105,925</u>	<u>\$ 111,673</u>	<u>\$ 152,093</u>	<u>\$ 369,691</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds	\$	(137,963)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$169,460) exceeded depreciation (\$69,706) in the current period.		99,754
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The repayment of principal of long-term debt consumes current financial resources of governmental funds.		29,222
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The non-allocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		(4,879)
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Change in net assets of governmental activities	\$	(13,866)
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See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Balance Sheet
Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 31,044	\$ 44,793	\$ 75,837
Investments	25,792		25,792
Receivables	20,581	11,335	31,916
Due from other fund	9,791		9,791
Total current assets	<u>87,208</u>	<u>56,128</u>	<u>143,336</u>
Noncurrent assets:			
Restricted cash and cash equivalents	44,086	44,583	88,669
Deferred bond issuance costs		14,518	14,518
Capital assets:			
Land	1,299	23,189	24,488
Plant and equipment	1,035,873	2,598,073	3,624,946
Less: accumulated depreciation	(589,832)	(1,142,858)	(1,732,690)
Total noncurrent assets	<u>491,428</u>	<u>1,528,605</u>	<u>2,019,931</u>
Total assets	<u>\$ 578,634</u>	<u>\$ 1,584,633</u>	<u>\$ 2,163,267</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 5,440	\$ 4,850	\$ 10,090
Due to other fund	1,000	36,487	37,487
Payable from restricted assets:			
Revenue bonds		11,207	11,207
Accrued interest		1,564	1,564
Total current liabilities	<u>6,440</u>	<u>53,888</u>	<u>60,328</u>
Noncurrent liabilities:			
Payable from restricted assets:			
Customer deposits	44,086		44,086
Revenue bonds		430,958	430,958
Total noncurrent liabilities	<u>44,086</u>	<u>430,958</u>	<u>475,044</u>
Total liabilities	<u>50,526</u>	<u>484,846</u>	<u>535,372</u>
Net assets			
Invested in capital assets, net of related debt	447,340	1,027,239	1,474,579
Restricted for debt service		44,583	44,583
Unrestricted	80,768	27,965	108,733
Total net assets	<u>528,108</u>	<u>1,099,787</u>	<u>1,627,895</u>
Total liabilities and net assets	<u>\$ 578,634</u>	<u>\$ 1,584,633</u>	<u>\$ 2,163,267</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for service -			
Water sales	\$ 167,992	\$	\$ 167,992
Sewerage service charges		116,111	116,111
Other charges and fees	7,680	1,315	8,995
Total operating revenues	<u>175,672</u>	<u>117,426</u>	<u>293,098</u>
Operating expenses:			
Salaries	25,280	15,833	41,113
Payroll taxes	1,902	1,091	2,993
Employee benefits	8,803	811	9,714
Contract labor	1,520		1,520
Insurance - general	8,805	1,981	10,786
Lab fees		2,437	2,437
Maintenance and repairs	77,409	23,463	100,872
Miscellaneous expenses	4,013	911	4,924
Office expense	6,811	1,483	8,294
Materials and supplies	44,796	15,903	60,699
Uniforms	590	563	1,153
Utilities	19,873	24,834	44,707
Depreciation	24,833	88,860	113,693
Total operating expenses	<u>224,735</u>	<u>178,170</u>	<u>402,905</u>
Operating income (loss)	<u>(49,063)</u>	<u>(60,744)</u>	<u>(109,807)</u>
Non-operating revenues (expenses):			
Interest income	3,773	480	4,233
Interest expense		(25,141)	(25,141)
State grant	38,712		38,712
Total non-operating revenues (expenses)	<u>42,485</u>	<u>(24,661)</u>	<u>17,804</u>
Capital contributions		18,750	18,750
Transfer in		6,886	6,886
Transfer out	(6,886)		(6,886)
Total	<u>(6,886)</u>	<u>6,886</u>	
Change in net assets	<u>(13,464)</u>	<u>(58,789)</u>	<u>(73,253)</u>
Net assets - beginning of year	<u>541,572</u>	<u>1,159,578</u>	<u>1,701,148</u>
Net assets - end of year	<u>\$ 528,108</u>	<u>\$ 1,099,787</u>	<u>\$ 1,627,895</u>

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Cash Flows From Operating Activities			
Receipts from customers	\$ 165,620	\$ 118,994	\$ 284,614
Cash payments to suppliers for goods and services	(188,941)	(74,724)	(241,665)
Cash payments to employees for services	(36,085)	(17,735)	(53,820)
Net Cash From (used in) Operating Activities	(37,406)	26,535	(10,871)
Cash Flows From Noncapital Financing Activities			
Transfers (out)	(6,886)		(6,886)
Transfer in		6,886	6,886
State grants	38,712		38,712
Net Cash From Noncapital Financing Activities	31,826	6,886	38,712
Cash Flows From Capital and Related Financing Activities			
Capital contributions		16,750	16,750
Acquisition of fixed assets		(18,750)	(18,750)
Principal paid on capital debt		(11,016)	(11,016)
Interest paid on capital debt		(24,234)	(24,234)
Net Cash (used in) Capital and and Related Financing Activities		(35,250)	(35,250)
Cash Flows From Investing Activities			
Purchase of investments	(3,284)		(3,284)
Interest income	3,773	460	4,233
Net Cash From Investing Activities	489	460	949
Net increase (decrease) in cash and cash equivalents	(5,091)	(1,369)	(6,460)
Cash, Beginning of year	80,221	90,745	170,966
Cash, End of year	\$ 75,130	\$ 89,376	\$ 164,506
Reconciliation of Operating Loss to Net Cash Provided By/(Used in) Operating Activities			
Operating income (loss)	\$ (49,063)	\$ (60,744)	\$ (109,807)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation expense	24,833	88,860	113,693
Accounts receivable	(10,052)	1,568	(8,484)
Accounts payable	(5,050)	(3,149)	(8,199)
Deposits	1,926		1,926
Net Cash Flows From (used in) Operating Activities	\$ (37,406)	\$ 26,535	\$ (10,871)

See accompanying notes to the basic financial statements.

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009

INTRODUCTION

The Town of Sibley is incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Council form of government.

(1) Summary of Significant Accounting Policies

The Town of Sibley's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Sibley are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Sibley is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Sibley), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Sibley are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14, as amended by GASB Statement No. 39, established criteria for determining which component units should be considered part of the Town of Sibley for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB 39 states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Town of Sibley's basic financial statements include both government-wide (reporting the funds maintained by the Town of Sibley as a whole) and fund financial statements (reporting the Town of Sibley's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's sales tax fund, fire protection fund, debt service fund, and general fund are classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Sibley's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Sibley's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services.

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

This government-wide focus is more on the sustainability of the Town of Sibley as an entity and the change in the Town of Sibley's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Sibley are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Sibley:

1. **Governmental Funds** – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town of Sibley:
 - a. General fund is the general operating fund of the Town of Sibley. It is used to account for all financial resources except those required to be accounted for in another fund.
 - b. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
2. **Proprietary Funds** – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Sales Tax Fund - accounts for the proceeds of sales taxes levied for fire department maintenance, maintenance of streets, capital construction, and other general purposes of the Town.

Volunteer Fire Department Fund – accounts for the proceeds of a grant and transfers from the sales tax fund to be used for fire protection.

Water Fund – accounts for the provision of water services of the Town.

Sewer Fund - accounts for the provision of sewer services of the Town.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budgets

The Town uses the following budget practices:

1. The Mayor and Town Council prepare a proposed budget.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

3. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Council.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Council. There were no amendments to the budget for the year ended June 30, 2009.
6. The Town's fiscal year is June 30.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Deferred Bond Issuance Cost

In conjunction with the refunding of the Town's sewer revenue bonds, refinancing costs were incurred. These costs are amortized on a straight line basis over the term of the new bond issue. Included in interest expense for the year ended June 30, 2009 was amortization of \$907.

H. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-45 years
Infrastructure	20 years
Furniture and equipment	5-20 years
Vehicles	4-10 years
Fire-fighting apparatus	15-35 years
Water and sewer systems	5-50 years

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

GASBS No. 34 requires the Town to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

I. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes, using the assessed values determined by the tax assessor of Webster Parish. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Sales Taxes

On April 1, 1980, the electors of the Town authorized a 1% sales and use tax, proceeds of which may be used for any lawful corporate purpose of the Town, including making capital improvements (after paying the reasonable and necessary expenses of collecting and administering the tax). Town officials have designated 50% of the tax proceeds for General Fund operations and 50% for capital improvements.

On October 24, 1987, the electors of the Town authorized an additional 1% sales and use tax, proceeds of which were dedicated as follows: 50% of income for fire department purchase and maintenance; 25% for streets and street construction, repair and maintenance; and 25% for capital construction, general fund or general administrative expenses. The effective date of this additional 1% sales tax was January 1, 1988.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

L. Compensated Absences

The Town allows up to three weeks vacation depending upon years of service. No carryover or accrued vacation leave is allowed. Unused vacation time will be applied upon termination.

The Town allows up to twelve days per year of sick leave and employees can accumulate up to twenty four days depending upon years of service. Unused accumulated sick pay will not be paid upon separation of service.

As of June 30, 2009, employee leave benefits were determined to be immaterial and are therefore not recorded as a liability.

M. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

N. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Bad Debts

The Town uses the direct charge-off method of accounting for uncollectible ad valorem taxes and water system receivables. Although this method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

Q. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

R. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

S. Postretirement Benefits

The Town provides no postretirement benefits to its employees.

(2) Ad Valorem Taxes

The distribution of the Town's levy (tax rate per \$1,000 assessed value) were as follows:

	Tax Roll
	<u>2008</u>
General Fund	<u>7.11</u>

(3) Cash and Cash Equivalents and Investments

At June 30, 2009, the Town has cash, cash equivalents, and investments (book balances) totaling \$519,109 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2009 (book balances) totaled \$410,961, of which \$88,689 is shown as restricted cash. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At June 30, 2009, the Town had investments totaling \$108,148 consisting of the following:

Investments in Louisiana Asset Management Pool (LAMP)	\$ 44,072
Money Market Funds	13,758
U.S. Government Securities	<u>50,318</u>
	<u>\$ 108,148</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

At June 30, 2009, the Town had investments totaling \$44,072 in Louisiana Asset Management Pool (LAMP). The Louisiana Asset Management Pool (LAMP) is a local government investment pool. In accordance with GASB codification section 150.126, the investment in LAMP at the Town of Sibley is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

At June 30, 2009, the Town had investments totaling \$64,076 in U.S. Government securities and money market funds. The market value of these particular type of investments are not materially different from their carrying amount. The investment in U.S. Government Securities and money market funds are registered in the name of the Town and are held in a brokerage account insured by the SIPC. These investments are considered category A in applying the credit risk of the Governmental Accounting Standards Board (GASB).

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

C. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2009, \$148,142 of the Town's bank balances were exposed to custodial credit risk as follows:

Uninsured and collateral held by the
pledging bank's trust department; not
in the Town's name:

Cash and cash equivalents \$ 148,142

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(4) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2009:

	<u>Enterprise Fund</u>		<u>Total</u>
	<u>Sewer</u>	<u>Water</u>	
Customer deposits	\$ -	\$ 44,086	\$ 44,086
Bond and interest sinking fund	5,627	-	5,627
Bond reserve fund	18,338	-	18,338
Contingency fund	20,618	-	20,618
	<u>\$ 44,583</u>	<u>\$ 44,086</u>	<u>\$ 88,669</u>

Enterprise Fund – Sewer

Under the terms of the bond agreement-resolution, on outstanding Sewer Revenue Bonds, income and revenues derived from the operating of the Town's Sewer System are pledged in amounts sufficient for the payment of principal and interest on the bonds as they become due and payable, and are to be set aside into the following special funds:

Revenue Fund – All income and revenues derived or to be derived from the operation of the Sewer System shall be deposited promptly into the Revenue Fund. Current expenses of operating and maintaining the system shall be paid from the Revenue Fund.

Revenue Bond and Interest Sinking Fund – Each month, there shall be transferred from the Revenue Fund an amount equal to 1/12th of the principal and interest of the next maturing installment on the outstanding bonds into this fund.

Revenue Bond Reserve Fund – There shall be transferred from the Revenue Fund into this fund an amount equal to 5% of the payments into the Revenue Bond and Interest Sinking Fund until such time as there has been accumulated \$35,330. Such amounts may be used only for the payment of principal and interest on the outstanding bonds as to which there would otherwise be a default.

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

Contingency Fund - Funds will be transferred into this fund for the purpose of caring for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system. Also, funds may be used for the purpose of payment of bonds for which there is not sufficient money in the Bond and Interest Sinking Fund. The monthly transfer amount will be \$93 until completion and acceptance of the present sewer improvement program, then \$150 until the bonds have been paid in full at the year 2033.

For the year ended June 30, 2009 the Town was in compliance with the requirements for deposits into the reserve accounts.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 44,007	\$ -	\$ -	\$ 44,007
Capital assets, being depreciated:				
Buildings	242,865	2,135	-	245,000
Infrastructure	146,540	-	-	146,540
Furniture, equipment & vehicles	117,656	70,775	-	188,431
Fire department equipment and vehicles	424,369	96,550	-	520,919
Total capital assets, being depreciated, at historical cost	931,430	169,460	-	1,100,890
Less accumulated depreciation:				
Buildings	(112,792)	(8,926)	-	(121,718)
Infrastructure	(14,398)	(7,327)	-	(21,725)
Furniture, equipment & vehicles	(100,265)	(14,694)	-	(114,959)
Fire department equipment and vehicles	(137,935)	(38,759)	-	(176,694)
Total accumulated depreciation	(365,390)	(69,706)	-	(435,096)
Total capital assets, being depreciated, net	566,040	99,754	-	665,794
Governmental activities capital assets, net	\$ 610,047	\$ 99,754	\$ -	\$ 709,801

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 24,488	\$ -	\$ -	\$ 24,488
Capital assets, being depreciated:				
Sewer system	2,567,322	18,751	-	2,586,073
Water:				
Wells	47,261	-	-	47,261
Storage tanks	27,418	-	-	27,418
Treatment plant	114,321	-	-	114,321
Distribution system	824,948	-	-	824,948
Other equipment	24,925	-	-	24,925
Total capital assets, being depreciated, at historical cost	3,606,195	18,751	-	3,624,946
Less accumulated depreciation:				
Sewer system	(1,053,999)	(88,860)	-	(1,142,859)
Water:				
Wells	(47,261)	-	-	(47,261)
Storage tanks	(17,249)	(685)	-	(17,934)
Treatment plant	(90,765)	(3,464)	-	(94,229)
Distribution system	(388,459)	(20,084)	-	(408,543)
Other equipment	(21,264)	(600)	-	(21,864)
Total accumulated depreciation	(1,618,997)	(113,693)	-	(1,732,690)
Total capital assets, being depreciated, net	1,987,198	(94,942)	-	1,892,256
Business-type activities capital assets, net	\$ 2,011,686	\$ (94,942)	\$ -	\$ 1,916,744

Depreciation expense was charged to Governmental and Business-type Activities as follows:

	Governmental Activities	Business-type Activities	Total
Public safety	\$ 38,759	\$ -	\$ 38,759
General government	30,947	-	30,947
Water	-	24,833	24,833
Sewer	-	88,860	88,860
Total	\$ 69,706	\$ 113,693	\$ 183,399

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

(6) Receivables

The following is a summary of receivables at June 30, 2009:

<u>Class of Receivable</u>	
Governmental activities –	
Sales taxes	\$ 35,401
Business-type activities –	
Accounts receivable – water and sewer charges	<u>31,916</u>
Total	<u>\$ 67,317</u>

(7) Interfund Balances

Interfund balances at June 30, 2009 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General	\$ 14,959	\$ –	\$ 14,959
Sales tax	13,620	3,721	9,899
Volunteer Fire Department	<u>2,967</u>	<u>149</u>	<u>2,818</u>
Total Governmental Funds	<u>31,546</u>	<u>3,870</u>	<u>27,676</u>
Enterprise Funds:			
Water	9,791	1,000	8,791
Sewer	<u>–</u>	<u>36,487</u>	<u>(36,487)</u>
Total Enterprise Funds	<u>9,791</u>	<u>37,487</u>	<u>(27,676)</u>
Total	<u>\$ 41,337</u>	<u>\$ 41,337</u>	<u>\$ –</u>

The interfund balances are the result of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2009, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 12,408	\$ 7,069	\$ 19,477
Payroll and payroll taxes	<u>9,789</u>	<u>3,021</u>	<u>12,810</u>
Total	<u>\$ 22,197</u>	<u>\$ 10,090</u>	<u>\$ 32,287</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$44,086 at June 30, 2009.

(10) Interfund Transfers

Interfund transfers for the year ended June 30, 2009 consisted of the following:

	Transfer To	Transfer From
Governmental Funds:		
General	\$ 110,818	\$ -
Sales Tax	-	184,697
Volunteer Fire Department	73,879	-
Debt service fund	-	-
	<u>184,697</u>	<u>184,697</u>
Proprietary Funds:		
Sewer	6,886	-
Sewer	-	6,886
	<u>\$ 191,583</u>	<u>\$ 191,583</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(11) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Capital lease obligation	\$ 88,476	\$ -	\$ (15,974)	\$ 72,502	\$ 16,792
Note Payable	<u>27,207</u>	<u>-</u>	<u>(13,248)</u>	<u>13,959</u>	<u>13,959</u>
Total Governmental Activities	<u>\$ 115,683</u>	<u>\$ -</u>	<u>\$ (29,222)</u>	<u>\$ 86,461</u>	<u>\$ 30,751</u>
Business-type Activities:					
Sewer Revenue Refunding Bonds	\$ 275,000	\$ -	\$ (7,000)	\$ 268,000	\$ 7,000
Sewer Revenue Bonds	<u>178,180</u>	<u>-</u>	<u>(4,016)</u>	<u>174,164</u>	<u>4,207</u>
Total Business-type Activities	<u>\$ 453,180</u>	<u>\$ -</u>	<u>\$ (11,016)</u>	<u>\$ 442,164</u>	<u>\$ 11,207</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

Note Payable --

Note payable to a bank, with interest at 6.5%, payable in monthly installments of \$1,143.00 including interest, final payment due August 10, 2010, secured by real estate owned by the Town.

\$ 13,959

Sewer Revenue Refunding Bonds --

\$312,000 sewer revenue bonds dated October 21, 2002; due in annual payments of approximately \$22,000 which includes principal and interest; interest rates of 4.00% to 5.70%; final payment due January 1, 2026.

\$ 268,000

\$220,000 Sewer System Revenue Bonds (Bond R-1, #92-02, \$200,000; Bond R-2, #92-03, \$20,000) dated 2/3/94; due in forty (40) consecutive annual payments, with the first payment (May '94) being for interest only, and, there after the payments shall be equal in amount and consist of fully amortized installments of principal and interest, interest at 5 1/8%

174,164

Total revenue bonds payable

\$ 442,164

Payments on the note payable are made from the sales tax fund.

The Sewer Revenue Bonds constitute special obligations of the Town solely secured by a lien on and pledge of the net revenues of the water and sewer system.

Debt service requirements at June 30, 2009, were as follows:

Governmental Activities -- Note Payable

<u>Fiscal Year</u>	<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2010	<u>\$ 13,959</u>	<u>\$ 470</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

Business-Type Activities – Sewer Revenue Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 7,000	\$ 14,822
2011	7,000	14,542
2012	7,000	14,262
2013	8,000	13,884
2014	8,000	13,452
2015–2019	49,000	60,078
2020–2024	62,000	45,201
2025–2029	81,000	25,422
2030–2034	39,000	3,363
	<u>\$ 268,000</u>	<u>\$ 205,026</u>

Business-Type Activities – Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2010	4,207	8,941
2011	4,422	8,725
2012	4,649	8,498
2013	4,887	8,260
2014	5,137	8,009
2015–2019	29,917	35,819
2020–2024	38,411	27,325
2025–2029	49,315	16,421
2030–2034	33,219	3,137
	<u>\$ 174,164</u>	<u>\$ 125,135</u>

(12) Capital Lease Obligation

During the year ended June 30, 2008, the Town entered into a capital lease obligation to purchase a fire department vehicle. Gross amount of the assets purchased with this lease is \$88,476 with accumulated depreciation at June 30, 2009 of \$3,244 and included in governmental activities.

The following schedule details debt service requirements to maturity for the Town's capital lease obligation at June 30, 2009:

<u>Fiscal Year Ended June 30</u>	<u>Governmental Activities</u>
2010	\$ 20,503
2011	20,503
2012	20,503
2013	20,503
Total minimum lease payments	82,012
Less amount representing interest	(9,510)
Present value of net minimum lease payments	<u>\$ 72,502</u>

(Continued)

Town of Sibley
Sibley, Louisiana
Notes to Financial Statements
June 30, 2009
(Continued)

(13) Risk Management

The Town purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the previous year.

(14) Subsequent Events:

The Town ordered a fire truck which was not delivered until July, 2009. Cost of the truck was approximately \$188,300. A federal grant was obtained for approximately \$152,000 for this purchase.

The Town has plans for improvements to a water system distribution system to be done in the June 30, 2010 year. Estimated cost of the project is approximately \$794,000. Funding for the project will be a LCDBG contract for \$178,900; State of Louisiana capital outlay for \$550,000; with the remaining amount of \$65,100 to be paid out of existing Town funds. There was no construction activity as of June 30, 2009.

Subsequent events have been evaluated through December 30, 2009, the date the financial statements were available to be issued.

Town of Sibley
Sibley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Ad valorem taxes	\$ 27,500	\$ 29,573	\$ 2,073
Licenses and permits	64,000	76,860	12,860
Fines and forfeitures	60,000	55,311	(4,689)
Investment earnings	1,000	3,310	2,310
Miscellaneous	8,700	18,056	9,356
Total revenues	<u>181,200</u>	<u>183,110</u>	<u>21,910</u>
Expenditures:			
Current:			
General government	192,245	180,577	11,668
Public safety	136,455	125,628	10,829
Capital outlay	2,500	41,855	(39,355)
Total expenditures	<u>331,200</u>	<u>348,058</u>	<u>(16,858)</u>
Excess (deficiency) of revenues over expenditures	<u>(170,000)</u>	<u>(164,948)</u>	<u>5,052</u>
Other financing sources (uses):			
Transfers in	105,000	110,818	5,818
Total other financing sources (uses)	<u>105,000</u>	<u>110,818</u>	<u>5,818</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(65,000)</u>	<u>(54,130)</u>	<u>10,870</u>
Fund balances at beginning of year	65,000	160,055	95,055
Fund balances at end of year	<u>\$</u>	<u>\$ 105,925</u>	<u>\$ 105,925</u>

Town of Sibley
Sibley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Sales Tax Fund
For the Year Ended June 30, 2009

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original and Final	(Budgetary Basis)	Positive (Negative)
Revenues:			
Sales tax	\$ 280,000	\$ 300,765	\$ 20,765
Intergovernmental revenues	2,900	4,635	1,735
Investment earnings	100	165	65
Total revenues	<u>283,000</u>	<u>305,565</u>	<u>22,565</u>
Expenditures:			
• Current:			
Public works	230,400	65,377	165,023
Capital outlay	14,000	31,055	(17,055)
Debt service:			
Principal retirement	13,600	13,248	352
Interest and other charges		1,492	(1,492)
Total expenditures	<u>258,000</u>	<u>111,172</u>	<u>146,828</u>
Excess (deficiency) of revenues over expenditures	<u>25,000</u>	<u>194,393</u>	<u>169,393</u>
Other financing sources (uses):			
Transfers out	(175,000)	(184,697)	(9,697)
Total other financing sources (uses)	<u>(175,000)</u>	<u>(184,697)</u>	<u>(9,697)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(150,000)</u>	<u>9,696</u>	<u>159,696</u>
Fund balances at beginning of year	<u>150,000</u>	<u>101,977</u>	<u>(48,023)</u>
Fund balances at end of year	<u>\$</u>	<u>\$ 111,673</u>	<u>\$ 111,673</u>

Town of Sibley
Sibley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Fire Department
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original and Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Intergovernmental revenues	\$ 7,000	\$ 6,907	\$ (93)
Investment earnings	500	3,777	3,277
Miscellaneous		12,490	12,490
Total revenues	<u>7,500</u>	<u>23,174</u>	<u>15,674</u>
Expenditures:			
Current:			
Public safety	191,900	73,479	118,421
Capital outlay	5,000	96,550	(91,550)
Debt service:			
Principal retirement	20,600	15,974	4,626
Interest and other charges		4,579	(4,579)
Total expenditures	<u>217,500</u>	<u>190,582</u>	<u>26,918</u>
Excess (deficiency) of revenues over expenditures	<u>(210,000)</u>	<u>(167,408)</u>	<u>42,592</u>
Other financing sources (uses):			
Transfers in	70,000	73,879	3,879
Total other financing sources (uses)	<u>70,000</u>	<u>73,879</u>	<u>3,879</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(140,000)</u>	<u>(93,529)</u>	<u>46,471</u>
Fund balances at beginning of year	<u>140,000</u>	<u>245,622</u>	<u>105,622</u>
Fund balances at end of year	<u>\$</u>	<u>\$ 152,093</u>	<u>\$ 152,093</u>

Town of Sibley
Sibley, Louisiana
Schedule of Insurance in Force
As of June 30, 2009

<u>Insurer</u>	<u>Expiration Date</u>	<u>Coverage Description</u>	<u>Amount</u>
Louisiana Municipal Risk Management Agency	07-08-10	Automobile Liability Bodily injury, property damage	\$ 500,000
Louisiana Municipal Risk Management Agency	07-08-10	Commercial General Liability Bodily injury, property damage Fire legal liability	500,000 50,000
Louisiana Municipal Risk Management Agency	09-13-10	Workmen's compensation	100/500/100
Louisiana Municipal Risk Management Agency	07-08-10	Law enforcement officers' comprehensive liability Personal	500,000
EMC Insurance Companies	07-18-10	Commercial property Buildings Business personal property Elevated water tanks Other utility equipment	888,767 35,000 485,000 295,400
EMC Insurance Companies	04-20-10	Public Employee Coverage	50,000
Essex Insurance Company	07-08-10 07-08-10	Automobile Physical Damage - Fire Trucks Automobile Physical Damage - Vehicles	280,819 55,907

Town of Sibley
Sibley, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2009

Mayor - Larry Merritt	\$ 2,820
Mayor - Jimmy Williams	2,970
Alderman:	
Marvin Wayne Bolton	2,050
Doyle Chanler	2,050
Clint Heflin	1,000
Robert Smart	2,050
Jimmy Williams	1,000
John Langford	1,050
Richard Davis	1,050
	<hr/>
	\$ 18,040
	<hr/>

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Town of Sibley
Sibley, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Sibley, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise Town of Sibley, Louisiana's basic financial statements and have issued our report thereon dated December 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Sibley, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sibley, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Sibley, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Sibley, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Sibley, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Sibley, Louisiana's internal control. We consider the deficiency described in the accompanying Summary Schedule of Current Audit Findings as Item 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Sibley, Louisiana's internal control.

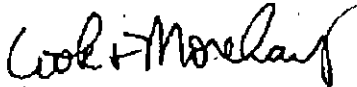
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sibley, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Sibley's response to the finding identified in our audit is described in the accompanying Summary Schedule of Current Audit Findings for the Louisiana Legislative Auditor. We did not audit the Town of Sibley's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
December 30, 2009

Town of Sibley
Sibley, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
June 30, 2009

There were two findings for the prior year audit for the year ended June 30, 2008 as follows:

2008-1 – Significant Deficiency – Financial Statement Preparation

Condition: Internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Current Status: See repeat deficiency in current year audit.

2008-2 – Amending Budget

Deficiency: The Town did not amend its budget for the sales tax fund in accordance with the Local Government Budget Act. Actual expenditures and other uses exceeded budgeted expenditures and other uses by five percent or more.

Current Status: No comment in current year audit for the year ended June 30, 2009.

Town of Sibley
Sibley, Louisiana
Summary Schedule of Current Year Audit Findings
for the Louisiana Legislative Auditor
June 30, 2009

There is one finding for the current year audit for the year ended June 30, 2009, as follows:

2009-1 - Significant Deficiency - Financial Statement Preparation

Deficiency: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare their annual financial statements. This condition is intentional by management based upon the Town's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe that curing the significant deficiency describe above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Response: Town of Sibley agrees with the above finding and recommendation.